

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
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R 231800Z DEC 76
FM AMEMBASSY SANTO DOMINGO
TO SECSTATE WASHDC 9211
INFO AMEMBASSY CARACAS

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E.O. 11652: N/A
TAGS: ENRG, EFIN, DR, VE
SUBJECT: PETROLEUM: VENEZUELA CRITICIZED ON OPEC INCREASE

REF: SANTO DOMINGO 5765, CARACAS 14299

1. DOMINICAN REACTION TO ANOTHER INCREASE IN WORLD PETROLEUM PRICES HAS BEEN ONE OF HEIGHTENED CONCERN, WITH VENEZUELA'S BEING SINGLED OUT FOR PARTICULAR CRITICISM. FINANCE SECRETARY DIOGENES FERNANDEZ IS QUOTED ON THE FRONT PAGE OF EL CARIBE, A LEADING SANTO DOMINGO DAILY, AS SAYING THAT LATIN AMERICAN COUNTRIES HAD HOPES FOR A DIFFERENT CONDUCT ON THE PART OF VENEZUELA. FERNANDEZ SAID THAT AT ONE TIME IT APPEARED THAT VENEZUELA WOULD EXTEND SPECIAL TREATMENT TO LATIN AMERICAN COUNTRIES, BUT THIS DID NOT OCCUR, AND THEN IT WAS AT LEAST HOPED THAT VENEZUELA WOULD TAKE STEPS TO PROTECT THE LDCE AND THAT THIS ALSO HAS NOT OCCURED. THE FINANCE SECRETARY SAID THAT THE RECENTLY SIGNED AGREEMENT WITH VENEZUELA (SEE REFTELS) WAS AT A COMMERCIAL RATE OF INTEREST AND WAS SIMPLY A BUSINESS DEAL.

2. IN AN ARTICLE IN SANTO DOMINGO'S OTHER LARGE DAILY, LISTIN DIARIO, BERNARDO VEGA, A LEADING ECONOMIST AND PART-TIME CON-
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SULTANT TO THE CENTRAL BANK, WROTE THAT THE DR SHOULD STUDY THE POSSIBILITY NOW RPT NOW OF GETTING ITS PETROLEUM FROM SAUDI ARABIA RATHER THAN VENEZUELA. HE COMPLAINED THAT, AT A WORLD SUGAR PRICE OF 9.2 CENTS PER POUND (SOMEWHAT ABOVE THE AVERAGE PRICE IN RECENT MONTHS), ALL OF THE COUNTRY'S FOREIGN EXCHANGE EARNINGS GENERATED BY SUGAR EXPORTS WOULD HAVE TO GO TO PAY FOR

PETROLEUM IMPORTS. HE ALSO DREW UNFAVORABLE COMPARISONS BETWEEN VENEZUELA'S EARLIER FINANCING OF CENTRAL AMERICA'S PETROLEUM IMPORTS AND THE TREATMENT WHICH THE DR SUBSEQUENTLY RECEIVED.

3. IN AN EDITORIAL ENTITLED "THE ECONOMIC CHALLENGE OF 1977," LISTIN DIARIO POINTS OUT IN REGAD TO THE \$60 MILLION CREDIT FOR PETROLEUM IMPORTS PROVIDED FOR IN THE NOVEMBER 30 AGREEMENT SIGNED WHEN PRESIDENT PEREZ VISITED SANTO DOMINGO THAT THE DR IS FREE TO USE ALL, SOME, OR NONE OF THE CREDIT.

4. CENTRAL BANK OFFICIALS SUBSEQUENTLY CONFIRMED TO THE PRESS THAT THE EDITORIAL WAS CORRECT, ADDING THAT THE AGREE-MENT ON PURCHASING DOMINICAN SUGAR WAS SEPARATE FROM VENEZUELA'S FINANCING DOMINICAN OIL IMPORTS.
HURWITCH

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